

AMENDED IN ASSEMBLY JANUARY 19, 2012

AMENDED IN ASSEMBLY MARCH 14, 2011

SENATE BILL

No. 81

Introduced by Committee on Budget and Fiscal Review

January 10, 2011

~~An act to repeal and add Section 41204.2 of the Education Code, to amend Sections 8879.52, 8879.61, 8879.65, 14556.7, and 16965 of the Government Code, to amend Sections 99312, 99315, and 185024 of, and to add Sections 99312.1 and 99312.2 to, the Public Utilities Code, to repeal Section 7102.1 of, and to repeal and add Sections 6051.8, 6201.8, 6357.3, 6357.7, 6480.1, 7360, 7361.1, 7653.1, and 60050 of, the Revenue and Taxation Code, to amend Sections 167, 183.1, and 2103 of, and to add Section 183.2 to, the Streets and Highways Code, and to amend Sections 1661, 4601, 5902.5, 9552, and 12811 of, and to add Section 9400.4 to, the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately. An act to amend Section 46201.3 of, and to add Section 46201.4 to, the Education Code, relating to education finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 81, as amended, Committee on Budget and Fiscal Review.
~~Transportation-Budget Act of 2011.~~

(1) Existing law establishes an education funding system under which the Superintendent of Public Instruction apportions to each qualifying school district, county office of education, and charter school, state aid funds in an amount not to exceed the revenue limit, an amount that is largely based on average daily attendance, which is computed as

specified. Existing law also requires, for the 2011–12 school year, that the revenue limit for each school district, county office of education, and charter school be reduced pursuant to a specified formula.

This bill would require, for the 2011–12 school year, that the revenue limit for each school district, county office of education, and charter school be reduced by an additional 0.65%. The bill would also require that the computation of the revenue limit for each school district, county office of education, and charter school for the 2012–13 fiscal year be determined based on the revenue limit for the 2011–12 fiscal year, not including the 0.65% reduction.

(2) Existing law authorized the Director of Finance to make reductions to certain appropriations in the Budget Act of 2011 if the higher of 2 specified revenue forecasts for the 2011–12 fiscal year was less one or both of 2 specified sums. Pursuant to this provision, the Director of Finance is required to reduce the appropriation for home-to-school transportation that was included in the Budget Act of 2011 by up to \$248,000,000.

This bill would make an appropriation of \$248,000,000 from the General Fund to the State Department of Education, for transfer to Section A of the State School Fund, to restore any funding for home-to-school transportation for the 2011–12 fiscal year reduced pursuant to this authority.

(3) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~(1) Existing law provides for payment of current general obligation bond debt service for specified voter-approved transportation bonds from gasoline excise tax revenue in the Highway Users Tax Account and revenue in the Public Transportation Account, and requires the Controller to make specified transfers of revenues in that regard to the Transportation Debt Service Fund. Existing law, pursuant to the Budget Act of 2010, provides for a loan of \$761,639,000 from gasoline excise tax revenue in the Highway Users Tax Account to the General Fund, to be repaid with interest by June 30, 2013.~~

~~Proposition 22, approved by the voters on November 2, 2010, amends the California Constitution to, among other things, impose new restrictions on the use of fuel excise tax revenues allocated to the state and revenues deposited in the Public Transportation Account.~~

~~This bill, in fiscal years 2010–11 and 2011–12, would require the Controller to transfer specified amounts of revenues deposited in the State Highway Account from vehicle weight fees to the Transportation~~

~~Debt Service Fund to be used for reimbursement of the General Fund for payment of current general obligation bond debt service for specified voter-approved transportation bonds, in lieu of the previously authorized gasoline excise tax revenues and Public Transportation Account revenues. In subsequent years, the bill would require all vehicle weight fee revenues to be transferred for this purpose. The bill would make appropriations in this regard. The bill would require the Department of Finance to notify the Controller of the amount of debt service relating to expenditures for eligible mass transit guideway projects that may be paid from revenues restricted by Article XIX of the California Constitution.~~

~~This bill, in fiscal year 2010–11, would require the Controller to transfer specified amounts of revenues deposited in the State Highway Account from vehicle weight fees to the General Fund as a loan, in lieu of the previously authorized loan of gasoline excise tax revenues. The loan amount for 2010–11 would be repaid over 3 years beginning on June 30, 2014. The bill would also authorize an additional loan in fiscal year 2011–12 of specified vehicle weight fee revenues, to be repaid by June 30, 2015. The bill would make appropriations in this regard.~~

~~This bill would require the Controller to take various other conforming actions as of November 2, 2010, due to voter approval of Proposition 22 and to the extent the Controller has previously taken actions inconsistent with the requirements imposed by this bill.~~

~~(2) Existing law, in the 2011–12 fiscal year, requires certain revenues deposited in the State Highway Account that are not restricted as to expenditure by Article XIX of the California Constitution to be transferred to the Transportation Debt Service Fund for payment of current year debt service on certain mass transportation bonds. Thereafter, these revenues are to be transferred to the Public Transportation Account.~~

~~This bill would, instead, transfer these revenues to the Transportation Debt Service Fund for payment of current year debt service on certain mass transportation bonds in the 2011–12 and 2012–13 fiscal years. Beginning in 2013–14, these revenues would be retained in the State Highway Account until appropriated by the Legislature.~~

~~(3) Proposition 26, approved by the voters on November 2, 2010, amends the California Constitution to, among other things, require a $\frac{2}{3}$ -vote of both houses of the Legislature for any change in statute that results in any taxpayer paying a higher tax. Proposition 26 also provides that any tax adopted after January 1, 2010, but prior to November 3,~~

2010, that was not adopted in compliance with the $\frac{2}{3}$ vote requirement shall be void on November 3, 2011, unless the tax is reenacted by the Legislature with a $\frac{2}{3}$ vote.

Existing law, as of July 1, 2010, eliminates the state sales and use tax on motor vehicle fuel (gasoline) and increases the excise tax. Existing law, as of July 1, 2011, increases the sales and use tax on diesel and decreases the excise tax. Existing law requires the State Board of Equalization to annually modify both the gasoline and diesel excise tax rates on a going-forward basis so that the various changes in the taxes imposed on gasoline and diesel, as described above, are revenue neutral. Existing law enacts other provisions related to the implementation of these provisions.

This bill would repeal all of these provisions. The bill would enact new, similar replacement provisions, and state the intent of the Legislature that the changes are being made in order to comply with Proposition 26. The bill would also increase the new diesel sales and use tax rates to be applicable in fiscal years 2011–12, 2012–13, and 2013–14 above the rates currently in effect that the bill would repeal. These increases in the diesel sales and use tax rates would be offset by a reduction in the diesel excise tax rate as of July 1, 2011, and a requirement for the State Board of Equalization to adjust diesel excise tax rates on a going-forward basis to ensure that the overall changes in these diesel fuel taxes are revenue neutral.

(4) Existing statutory law provides that 75% of diesel sales tax revenues at the 4 $\frac{3}{4}$ % rate are to be allocated by the Controller from the Public Transportation Account to local agencies for public transportation purposes pursuant to the State Transit Assistance Program, with the remaining 25% of revenues to be made available for mass transit programs at the state level. Proposition 22, approved by the voters on November 2, 2010, amends the California Constitution to require these Public Transportation Account revenues to be divided equally between the State Transit Assistance Program and the state-level programs.

This bill would conform the statutory provisions to the requirements of Proposition 22. The bill would appropriate \$23 million to the Controller from the Public Transportation Account in the 2011–12 fiscal year for allocation to the State Transit Assistance Program. The bill would also continuously appropriate all of the diesel sales revenues above the 4 $\frac{3}{4}$ % rate to the Controller for allocation to that program.

~~(5) Existing law provides for a loan of \$135,000,000 from the State Highway Account to the General Fund that is to be repaid by June 30, 2012.~~

~~This bill would instead require that loan to be repaid by June 30, 2013.~~

~~(6) Existing law, until July 1, 2011, authorizes the Department of Transportation to transfer funds as short-term loans between various transportation accounts.~~

~~This bill would extend the operation of these provisions until July 1, 2014. The bill would also eliminate the authority of the department to transfer funds as short-term loans to and from the Transportation Investment Fund, the Transportation Deferred Investment Fund, and the Public Transportation Account.~~

~~(7) Existing law creates the California Transportation Commission, with various duties and responsibilities relative to the programming and allocation of funds for transportation capital projects. Existing law requires the commission to submit, by December 15 of each year, an annual report to the Legislature summarizing the commission's prior-year decisions in allocating transportation capital funds and identifying timely and relevant transportation issues facing the state. Existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, authorizes the issuance of \$19.25 billion of general obligation bonds for specified purposes, including \$2 billion to be transferred to the Trade Corridors Improvement Fund to be available, upon appropriation in the annual Budget Act by the Legislature and subject to such conditions and criteria as the Legislature may provide by statute, for allocation by the commission. Existing law requires the Department of Transportation to, on or before February 18, 2009, report to specified committees of the Legislature a summary of any memorandum of understanding or any other agreement executed between a railroad company and any state or local transportation agency relative to any project funded with moneys allocated from the Trade Corridors Improvement Fund.~~

~~This bill would instead require the commission to provide that report to specified committees of the Legislature within 30 days of receiving such a memorandum of understanding or executed agreement. The bill would also, commencing January 1, 2012, require the commission to provide semiannual reports to those committees on the status of all railroad projects programmed in the Trade Corridors Improvement Fund~~

program. The bill would make these reporting requirements inoperative on January 1, 2015.

~~(8) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 also requires that \$1,000,000,000 of bond funds be deposited in the Transit System Safety, Security, and Disaster Response Account, administered by the California Emergency Management Agency (Cal EMA), for capital projects that provide increased protection against a security and safety threat, and for capital expenditures to increase the capacity of transit operators to develop disaster response transportation systems, as specified. Existing law requires 25% of available funds to be allocated to certain regional public waterborne transit agencies. Existing law requires entities receiving funds from that account to expend those funds within 3 fiscal years of the fiscal year in which the funds were allocated and requires that funds remaining unexpended after those 3 years revert to Cal EMA for reallocation in subsequent fiscal years.~~

~~This bill, notwithstanding these provisions, would provide that entities receiving an allocation of the funds set aside for regional public waterborne transit agencies, relative to allocations of funds made prior to June 30, 2011, shall have 4 fiscal years from the last day of the fiscal year in which the funds were received by that entity to expend those funds.~~

~~(9) Existing law requires funds from the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006 to be made available to the Controller for allocation to cities, counties, and a city and county, for purposes of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, as specified. Upon receipt of funds, a city, county, or city and county is required to expend those funds within 3 fiscal years from the date that the funds are allocated to it by the Controller, and any funds not expended within that period are required to be returned to the Controller and reallocated to other cities, counties, or a city and county, as specified.~~

~~Existing law establishes the Highway Users Tax Account in the Transportation Tax Fund with revenues in the account restricted to expenditure on various purposes, including public street and highway purposes and certain mass transit guideway purposes.~~

~~This bill would authorize a city, county, or city and county that receives these funds in a fiscal year in which funds from the Highway Users Tax Account are deferred, suspended, borrowed, or shifted, to~~

expend those funds within 4 fiscal years from the last date of the fiscal year in which the funds are allocated to it by the Controller.

~~(10) Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law provides for appointment of an executive director by the authority, who is exempt from civil service and serves at the pleasure of the authority. Existing law requires the executive director to be paid a salary established by the authority and approved by the Department of Personnel Administration.~~

~~This bill, for purposes of managing and administering the ongoing work of the authority in implementing the high-speed train project, would authorize the Governor, upon the recommendation of the executive director, to appoint up to 6 additional individuals, exempt from civil service, who would serve in specified positions at the pleasure of the executive director. The bill would require a salary survey to be conducted to determine the compensation for the executive director and additional exempt persons, and would require the salaries to be established by the authority and approved by the Department of Personnel Administration.~~

~~This bill would impose certain reporting requirements on the authority with respect to a portion of funds appropriated to the authority in the 2010 and 2011 Budget Acts, to be submitted to the Joint Legislative Budget Committee.~~

~~(11) Existing law provides that the Department of Transportation has full possession and control of the state highway system. Existing law creates various programs to fund transportation capital improvement programs and provides for allocation of those funds. Existing law requires the department to prepare an annual budget, as specified, for submission to the Governor.~~

~~This bill would require the department to submit specified supplemental information by May 1 of each year to the Legislative Analyst and to the Senate Committee on Appropriations and the Assembly Committee on Appropriations to substantiate the department's proposed capital outlay support budget.~~

~~(12) Existing law provides for apportionment by the Controller of a specified amount of gasoline excise tax revenues in the Highway Users Tax Account to cities and counties for local street and road purposes, including revenues from the increase in the gasoline excise tax, pursuant to Chapters 11 and 12 of the 8th Extraordinary Session of the Statutes~~

of 2010. These revenues, including the revenues from the increase in the gasoline excise tax, are not subject to expenditure requirements and restrictions that were applicable to revenues from the gasoline sales tax that was repealed by the above-referenced legislation.

This bill would clarify that the revenues apportioned to cities and counties from the increase in the gasoline excise tax may be used for any local street and road purpose and are not subject to the requirements and restrictions applicable to the former gasoline sales tax revenues.

(13) Existing law establishes fees for original and renewal registration of vehicles to be collected by the Department of Motor Vehicles. Existing law requires the department, with a specified exception, to notify the registered owner of each vehicle of the date that registration renewal fees for the vehicle are due, at least 60 days prior to that due date, and to indicate the fact that the required notice was mailed by a notation in the department's records.

This bill would, commencing on June 8, 2011, and operative until January 1, 2012, reduce the department's time period for notification that vehicle registration renewal fees are due to 30 days prior to the due date.

(14) Existing law requires that the renewal of registration for a vehicle that is either currently registered or for which a specified certification is filed be obtained not more than 75 days prior to the expiration of the current registration or certification.

This bill would, commencing on June 8, 2011, and operative until July 1, 2011, instead apply the above-specified requirement only to the renewal of registration for any vehicle that expires on or before June 30, 2011, and would require the renewal of registration for a vehicle that expires on or after July 1, 2011, or for which a specified certification is filed, to be obtained not more than 15 days prior to the expiration of the current registration or certification.

(15) Existing law requires that if an application for a registration transaction is filed with the Department of Motor Vehicles during the 30 days immediately preceding the date of expiration of registration of the vehicle, the application be accompanied by the full renewal fees for the ensuing registration year in addition to any other fees that are due and payable.

This bill would, commencing on the date that this bill becomes operative and remaining operative until July 1, 2011, reduce the time period to 10 days immediately preceding the date of expiration of registration of the vehicle.

~~(16) Existing law provides that fees are delinquent if an application for renewal of registration, or an application for renewal of special license plates, is made after midnight of the expiration date of the registration or special plates, or 60 days after the date the registered owner is notified by the Department of Motor Vehicles, whichever is later.~~

~~This bill would, commencing on June 8, 2011, and operative until January 1, 2012, reduce the time period to 30 days after the date the registered owner is notified by the department.~~

~~(17) Under existing law, when the Department of Motor Vehicles determines that an applicant is lawfully entitled to a driver's license, the department is required to issue that license to the applicant. Existing law specifies the contents of a driver's license. Existing law requires that the front of an application for an original or renewal of a driver's license or identification card contain a space for an applicant to give his or her consent to be an organ and tissue donor upon death.~~

~~This bill would also require the application for a driver's license or identification card to contain a space for an applicant to indicate whether he or she has served in the Armed Forces of the United States and to give his or her consent to be contacted regarding eligibility to receive state or federal veterans benefits. The bill would require the Department of Motor Vehicles to electronically transmit to the Department of Veterans Affairs specified information on an applicant who has identified on his or her application for a driver's license or identification card that he or she has served in the Armed Forces of the United States and consents to being contacted about veterans benefits.~~

~~(18) The bill would enact other related provisions:~~

~~The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. Governor Schwarzenegger issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010. Governor Brown issued a proclamation on January 20, 2011, declaring and reaffirming that a fiscal emergency exists and stating that his proclamation supersedes the earlier proclamation for purposes of that constitutional provision.~~

~~This bill would state that it addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation issued on January 20, 2011, pursuant to the California Constitution.~~

~~(19) This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: $\frac{2}{3}$ -majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 46201.3 of the Education Code is amended*
2 *to read:*
3 46201.3. (a) For the 2011–12 school year, the minimum
4 number of instructional days and minutes school districts, county
5 offices of education, and charter schools are required to offer as
6 set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,
7 46202, and 47612.5 shall be reduced by up to seven days.
8 (b) Implementation of the reduction in the number of
9 instructional days offered by a school district, county office of
10 education, and charter school that is subject to collective bargaining
11 pursuant to Chapter 10.7 (commencing with Section 3540) of
12 Division 4 of Title 1 of the Government Code shall be achieved
13 through the bargaining process, provided that the agreement has
14 been completed and reductions implemented no later than June
15 30, 2012.
16 (c) The revenue limit for each school district, county office of
17 education, and charter school determined pursuant to Article 3
18 (commencing with Section 2550) of Chapter 12 of Part 2 of
19 Division 1 of Title 1, Article 2 (commencing with Section 42238)
20 of Chapter 7 of Part 24 of Division 3, and Article 2 (commencing
21 with Section 47633) of Chapter 6 of Part 26.8 of Division 4 shall
22 be reduced by the product of 4 percent and the fraction determined
23 pursuant to paragraph (2).
24 (1) Subtract the revenue forecast determined pursuant to
25 subdivision (a) of Section 3.94 of the Budget Act of 2011 from
26 eighty-six billion four hundred fifty-two million five hundred
27 thousand dollars (\$86,452,500,000).
28 (2) Divide the lesser of two billion dollars (\$2,000,000,000) or
29 the amount calculated in paragraph (1) by two billion dollars
30 (\$2,000,000,000).
31 (d) *Notwithstanding any other law, and in addition to the*
32 *reductions authorized by subdivision (c), the revenue limit for each*
33 *school district, county office of education, and charter school*
34 *determined pursuant to Article 3 (commencing with Section 2550)*
35 *of Chapter 12 of Part 2 of Division 1 of Title 1, Article 2*

(commencing with Section 42238) of Chapter 7 of Part 24 of Division 3, and Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4 shall be reduced by 0.65 percent.

(d)

(e) This section does not affect the number of instructional days or instructional minutes that may be reduced pursuant to Section 46201.2.

(e)

(f) The revenue limit reductions authorized by this section, when combined with the reductions applied under subdivision (c) of Section 3.94 of the Budget Act of 2011, may not be applied so as to reduce school funding below the requirements of Section 8 of Article XVI of the California Constitution based on the applicable revenues estimated by the Department of Finance pursuant to Section 3.94 of the Budget Act of 2011.

(f)

(g) This section shall be operative on February 1, 2012, only for the 2011–12 school year and only if subdivision (c) of Section 3.94 of the Budget Act of 2011 is operative.

SEC. 2. Section 46201.4 is added to the Education Code, to read:

46201.4. In computing the revenue limit for each school district, county office of education, and charter school for the 2012–13 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for each school district, county office of education, and charter school had been determined for the 2011–12 fiscal year without being reduced by the percentage specified in subdivision (d) of Section 46201.3.

SEC. 3. In restoration of any moneys reduced pursuant to paragraph (1) of subdivision (c) of Section 3.94 of the Budget Act of 2011, the sum of two hundred forty-eight million dollars (\$248,000,000) is hereby appropriated from the General Fund to the State Department of Education, Program 10–Instruction, for transfer to Section A of the State School Fund, for Home to School Transportation for the 2011–12 fiscal year, in augmentation of Item 6110–111–0001 of Section 2.00 of the Budget Act of 2011.

SEC. 4. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified

1 *as related to the budget in the Budget Bill, and shall take effect*
2 *immediately.*

3

4

5

6

7

8

**All matter omitted in this version of the bill
appears in the bill as amended in the
Assembly, March 14, 2011. (JR11)**